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MONTANA STATE DEPT. OF REVENUE
950 S. LAMAR AVENUE
Helena, Montana 59601

STATE DOCUMENTS

Public Employees'
Retirement System
of the
State of Montana
1952 - 53

EIGHTH ANNUAL REPORT

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STATE OF MONTANA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Helena, Montana

Honorable J. Hugo Aronson
Governor of Montana
Helena, Montana

Dear Governor Aronson:

The Board of Administration of the Public Employees' Retirement System herewith presents its Eighth Annual Report of its operations and progress during the fiscal year of 1952-53 in compliance with the provisions of Section 68-501 (c), Revised Codes of Montana.


We take great pleasure and satisfaction in the increasing growth of our department in both membership and assets during this eighth year of operation and our ability to continue full and complete benefits to the faithful and deserving public employee members.

We feel that our system has contributed materially to the improvement of the personnel standards for efficient, economic and stable public service and trust that we may always be able to reward this service with the full measure of security it deserves.

Respectfully submitted,

BOARD OF ADMINISTRATION

PUBLIC EMPLOYEES' RETIREMENT SYSTEM



John F. Sasek, Secretary

REPORT AS OF JUNE 30, 1952

For the Period Beginning July 1, 1952, and Ending June 30, 1953

BOARD OF ADMINISTRATION

	Term Ending
Mrs. Freda A. Beazley, Billings President	June 30, 1953
Malcolm Bowden, Helena Vice President	June 30, 1954
Paul H. Love, Virginia City Member	May 9, 1954
Joseph M. Halvorsen, Sidney Member	March 20, 1955
Peter G. Meloy, Helena Member	May 9, 1955

ADMINISTRATIVE STAFF

John F. Sasek,
Secretary

Floyd E. Young
Consulting Actuary

D. Eddie Walsh,
Chief Accountant

Leif Erickson
Attorney

INCOME AND DISBURSEMENTS 1952-53

Assets as of June 30, 1952

\$6,118,248.38

INCOME FOR YEAR ENDING June 30, 1953:

Interest on Investments	\$ 200,694.20	
Employees' Contributions	1,572,241.95	
Employers' Contributions	762,741.82	
Contributions to Expense	<u>110,801.73</u>	
TOTAL INCOME		\$2,646,479.70
BALANCE CARRIED FORWARD		\$8,764,728.08

DISBURSEMENTS FOR YEAR ENDING June 30, 1953:

Capital Disbursements:

Retirement Payments--A.R.F.	\$ 25,965.46	
Retirement Payments--P.A.F.	381,129.29	
Disability Payments--A.R.F.	10,632.31	
Disability Payments--P.A.F.	85,286.19	
Death Payments--A.S.F. Refunds	37,842.39	
Death Payments--P.A.F.	54,801.09	
Employees' Savings Refunds	376,535.78	
Membership Fee Refunds	19.00	
Cancel Note from A.S.F.	300.00	
Interest Paid	<u>100.53</u>	
TOTAL CAPITAL DISBURSEMENTS		\$ 972,612.04

Investment Disbursements:

*Bank Service Charge	\$ 22,987.13	
Premium Charge Off--Bonds & Mortgages	1,590.84	
Interest Purchased on Investments	<u>1,478.71</u>	
TOTAL INVESTMENT DISBURSEMENTS		\$ 3,069.55

*Bank Service Charge is not included in the total as this charge is withheld by the servicing agency before making remittance to the Retirement System.

Disbursements for Administrative Expense:

Salaries	\$ 36,358.77	
Legal and Actuarial Fees	5,280.00	
Travel Expense, Employees	1,573.55	
Travel Expense, Board Members	3,811.64	
Per Diem, Board Members	2,380.00	
Telephone & Telegraph	532.61	
Printing	1,023.71	
Postage	648.08	
Supplies	592.49	
Service Contracts	499.22	
Insurance and Bonds	750.00	
Dues	40.00	
Medical and Investigation Expense	83.50	
Departmental Contribution to P.E.R.S.	1,168.26	
Depreciation, Furniture & Fixtures	1,905.90	
Miscellaneous	<u>246.95</u>	
TOTAL ADMINISTRATIVE EXPENSE		\$ 56,895.24
TOTAL DISBURSEMENTS		<u>\$1,032,576.83</u>
BALANCE -- June 30, 1953		<u>\$7,732,151.25</u>

ASSETS AND LIABILITIES STATEMENT

LEDGER ASSETS:

*Cash	\$ 179,988.33
*Bonds, U. S. Government	3,109,993.75
*Bonds, Montana Municipals	509,400.00
@Mortgage Loans (G.I. and F.H.A.)	3,921,552.41
@Warrants, Registered	22.68
Furniture & Fixtures	<u>11,194.08</u>
TOTAL LEDGER ASSETS	\$7,732,151.25

LEDGER LIABILITIES:

#Interest Account	\$ 0.00
Employees' Savings Account	5,132,992.20
Employees' Annuity Reserve Fund	416,700.77
Pension Accumulation Fund	1,557,958.12
Pension Reserve Fund	337,359.25
Expense Fund	5,650.86
Revenue Accumulation Fund	4,501.97
Annuity Savings Interest Reserve	<u>276,988.08</u>
TOTAL LEDGER LIABILITIES	\$7,732,151.25

*On Deposit with State Treasurer.

@Held in Retirement System Office.

#The Interest Account has been distributed as follows:

Transferred to the Reserve for Interest required on Annuity Savings Fund	\$ 120,021.66
Transferred to P.A.F.	<u>77,637.19</u>
TOTAL TRANSFERRED	\$ 197,658.85

This transfer was effected in accordance with the computations of the Actuary.

The ledger Assets and Ledger Liabilities, in detail, were examined and verified by the office of the State Bank Examiner and a copy of the report of that examination is on file in the Retirement office available for inspection.

COMPARISON CHART OF ASSETS AND DISBURSEMENTS

	<u>1951-52</u>	<u>1952-53</u>	<u>Percentage of Change</u>
Capital Disbursements	\$ 781,050.90	\$ 972,612.04	Up 24.53%
Administrative Expense	50,946.52	56,895.24	Up 11.68%
Assets at end of year	6,118,248.38	7,732,151.25	Up 26.38%
Investments at end of year	6,036,965.29	7,540,968.84	Up 24.91%
Ratio of Administrative Expense to Assets	.832% [@]	.736%	Down .096%
Ratio of Administrative Expense to Total Expense [*]	.603% [@]	.553	Down .055%

[@]Shown in the 1951-52 report incorrectly as 8.32% and 6.03%.

^{*}The total expense figure does not include disbursements on investments as these disbursements are in part recoverable as accrued interest and the remainder are costs to earned interest income and are reflected in total yield from investments.

The comparison shown above indicates that 24.53% more was disbursed in all benefits during the fiscal year and that 26.38% more was held in assets. This increased our investments by 24.91% while the administrative expense advanced only 11.68%. The ratio of administrative cost to assets has been decreased .096% and the ratio of such expense to the total expenses decreased by .055% indicating that an increased work-load is being handled at a lower cost.

RECAPITULATION OF INVESTMENTS

UNITED STATES GOVERNMENT BONDS:

Series "G"	\$1,500,000.00	
Series A-1965	250,000.00	
Treasury B-1975	775,000.00	
Series "K"	485,000.00	
U.S. Treasury - 3 $\frac{1}{4}$ % - 1977-83	<u>99,993.75</u>	
TOTAL UNITED STATES GOVERNMENT BONDS		\$3,109,993.75

MONTANA MUNICIPAL BONDS:

Silver Bow County, General Obligation	\$ 23,000.00	
City of Cut Bank, General Obligation	33,000.00	
Toole County, School Dist. (High)	32,000.00	
Ravalli County, General Obligation	40,000.00	
City of White Sulphur Springs, Water	16,000.00	
Broadwater County School Dist. No. 7	70,200.00	
City of Cut Bank, General Obligation	8,000.00	
Lincoln County, School Dist. No. 4	16,500.00	
Lincoln County, Libby High School	4,750.00	
City of Polson, Sewer Bonds	33,200.00	
Sanders County, Hospital	15,000.00	
Chouteau County, High School Dist. No. 1	37,500.00	
Fergus County, School District No. 84	26,000.00	
Fergus County, Denton High School Dist.	15,000.00	
Sidney Swimming Pool Bonds	35,000.00	
Meagher County Court House Bonds	5,250.00	
Meagher County Court House Bonds	7,000.00	
Broadwater County S.D. #7 Building Bonds	12,000.00	
Toole County, Kevin Water Bonds	30,000.00	
Augusta High School Building Bonds	<u>50,000.00</u>	
TOTAL MONTANA MUNICIPAL BONDS		\$ 509,400.00

MORTGAGES:

F.H.A. Title VI Mortgages	\$ 29,890.94	
F.H.A. Title II Mortgages	1,477,733.76	
Veterans Administration (G.I. Insured Mortgages)	<u>2,413,927.71</u>	
TOTAL INSURED MORTGAGES		\$3,921,552.41
Registered Warrants		<u>22.68</u>
TOTAL INVESTMENTS		\$7,540,968.84

The investments recapitulated above have been examined by the Bank Examiner's Department of the State of Montana and have been declared in balance. The United States Government Bonds and Montana Municipal Bonds are held in the custody of the State Treasurer. The records on mortgages and the Registered Warrants are held in the Retirement System office.

Detail as to numbers, maturity dates, investment yield and other data is a matter of record in the Retirement System office and may be inspected upon request.

GROWTH

During the past fiscal year, the System has realized an increase in membership of 796 members as of June 30, 1953. Claims have increased by 192, and compulsory Retirement Extensions have increased by 4. The increase in membership was gained even though separations, followed by refunds, totaled 2,033 and members transferred to claimant status totaled 196. During the year, the System serviced 11,947 persons employed by the State of Montana or other member agencies.

MEMBERSHIP

Fiscal Year	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53
State Departments	1,677	2,864	3,242	3,285	3,731	4,312	4,763	5,088
Counties		67	1,129	1,348	1,460	1,748	1,980	2,264
Cities		203	488	610	712	762	822	1,005
School Districts		46	192	294	328	434	566	628
County High Schools			15	22	28	45	60	62
Other Agencies		50	64	84	99	98	103	111
Inactive Accounts				<u>419</u>	<u>536</u>	<u>725</u>	<u>628</u>	<u>560</u>
TOTAL	1,677	3,230	5,130	6,062	6,894	8,124	8,922	9,718

CLAIMS

Death	1	35	69	124	162	215	270	323*
Disability		24	38	64	84	118	145	174*
Retirement			<u>124</u>	<u>239</u>	<u>347</u>	<u>530</u>	<u>622</u>	<u>732*</u>
TOTAL	<u>1</u>	<u>59</u>	<u>231</u>	<u>427</u>	<u>593</u>	<u>863</u>	<u>1,037</u>	<u>1,229*</u>

* The figures in this chart are cumulative since the beginning of the Retirement System, Death Claims processed during the fiscal year of 1952-53 totaled 53. Disability claims serviced during the year totaled 141 with 12 being removed from the Disability Roll by death or transfer. This leaves a net total of 129 members on Disability Retirement as of June 30, 1953.

Service Retirements serviced during the year totaled 640 with 44 being removed from the Retirement Roll by death or transfer. This leaves a net total of 596 members on Service Retirement as of June 30, 1953.

A comparison of claims to total serviced membership by type is as follows:

	1950-51	1951-52	1952-53
Death	2.19%	2.46%	2.70%
Disability	1.20	1.32	1.46
Retirement	5.41	5.66	6.13
Refunds	<u>13.13</u>	<u>17.11</u>	<u>17.02</u>
TOTAL	21.93%	26.55%	27.31%

Using the 1950-51 fiscal year as a basis, it is noted that there has been an increase in claims of all types of 5.38% which would extend the work-load because of the increase in membership served, i.e., during the fiscal period 1950-51 claims of all types amounted to 2,276 of a total serviced membership of 9,802 while during the fiscal period 1952-53, claims of all types amounted to 3,398 of a total serviced membership of 11,947.

COMPULSORY RETIREMENT EXTENSIONS

Five persons were granted extensions for continuance in service during the fiscal year 1947-48 by Section 68-801 (b) R.C.M. 1947. Two of those extensions are continuing in service and are part of a total of 136. At the close of the fiscal year 1951-52, the System had 132 members of compulsory retirement age extended in service. During the fiscal year 1952-53, 32 additional members were placed on extension and 28 members previously extended transferred to a retirement status leaving a total of 136 members on extension as of June 30, 1953.

ACTUARIAL INVESTIGATION

The actuarial investigation is made every second year. Such a report was given last year.

LEGISLATION

There were a number of amendments made to the Public Employees' Retirement Act by the 1953 Legislature. These were approved and signed into law by Governor J. Hugo Aronson effective as of the dates indicated in each paragraph below.

The changes enacted into law by the 1953 Legislature were:

1. Service credits as earned either as a member or in prior service may be transferred between the Public Employees' Retirement System and the Teachers' Retirement System upon application by a member, with benefits available in accordance with the provisions of the retirement system in which an employee was last enrolled as a member. (Effective March 2, 1953)
2. The retirement fund shall be invested by the State Board of Land Commissioners instead of by the Board of Administration of the Public Employees' Retirement System. (Effective July 1, 1953)
3. The terms of members of the Board of Administration shall be for five (5) years. (Effective July 1, 1953)
4. Public employee members of the Board of Administration shall receive only their actual and necessary expenses while attending meetings or on business for the retirement system but will not be allowed any per diem payments. (Effective July 1, 1953)
5. Beneficiaries of members who die before retirement and who have ten (10) or more years of service may apply for and receive a monthly life annuity in lieu of the lump sum death benefit, if application is made within ninety (90) days after a member's death. (Effective July 1, 1953)
6. Employees of any state department or political subdivision which is a member of the Public Employees' Retirement System are excluded from coverage under Federal Old Age and Survivors Insurance provisions. (Effective February 20, 1953)

ANALYSIS OF CLAIMS BY AGE AND SEX

AGE	<u>DEATHS</u>		<u>RETIREMENTS</u>		<u>DISABILITY</u>		<u>TOTAL</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
19	1						1	
22	1						1	
23	1						1	
25		2						2
29	1				1		2	
30	2						2	
32	1	1			1		2	1
34		1						1
35	1				1		2	
36	1						1	
37	2	1					2	1
38	2	2					2	2
39	1	1					1	1
40	2	1				1	2	2
41	3	1					3	1
42	6						6	
43	3	1			1		4	1
44	5				2		7	
45	7	1			1		8	1
46	2				2		4	
47	4				1		5	
48	6				1		7	
49	2				3		5	
50	5	1			1		6	1
51	4				2		6	
52	7				1		8	
53	6				3	1	9	1
54	7				4		11	
55	6	2			5	1	11	3
56	11				1	2	12	2
57	6				4	1	10	1
58	9	2			5	2	14	4
59	10				4	2	14	2
60	8	1	23	5	15	3	46	9

<u>AGE</u>	<u>DEATHS</u>		<u>RETIREMENTS</u>		<u>DISABILITY</u>		<u>TOTAL</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
61	10	1	17		6	2	33	3
62	12	2	17	1	12	1	41	4
63	19		12	3	9	4	40	7
64	7	1	12	1	13	1	32	3
65	11	2	49	3	6	1	66	6
66	14	1	30	5	4		48	6
67	15		18	5	5		38	5
68	8		27	1	6	2	41	3
69	12		25	2	2	2	39	4
70	9		105	19	6		120	19
71	7		52	10	5	2	64	12
72	7	1	47	3	3		57	4
73	5		40	2	2		47	2
74	7		32	4	1		40	4
75	5		65	7			70	7
76	2	1	16		1		19	1
77	1		15		1		17	
78	2		22				24	
79	2		9	1	2		13	1
80	1	1	10				11	1
81	1		4		2		7	
82			4				4	
83	1		4				5	
84	1		2		1		4	
85			2				2	
86	2		1				3	
87		1						1
TOTALS	<u>294</u>	<u>29</u>	<u>660</u>	<u>72</u>	<u>146</u>	<u>28</u>	<u>1100</u>	<u>129</u>
	323		732		174		1229	

MEMBERSHIP STATUS

STATE DEPARTMENTS

Adjusted Compensation Division	8	Law Library	2
Adjutant General	7	Legislature	6
Aeronautics Commission	2	Library Extension Commission	3
Agriculture Department	47	Liquor Board	288
Apprenticeship Council	6	Livestock Commission	57
Armory Board	1	Livestock Sanitary Board	38
Attorney General	12	School of Mines	30
State Auditor	21	Normal College	9
Bank Examiners	11	Northern Montana College	9
Chancellor's Office	1	Nurses Examining Board	2
Civil Defense	1	Orphans' Home	38
College, Montana State	378	Plumbing Examiners	1
Controller's Office	20	Poultry Improvement Board	1
Custodian, Capitol	31	Prison	64
Deaf and Blind School	16	P.E.R.S.	10
District Judges	17	Public Instruction	37
Eastern Montana Normal School	26	Public Welfare	292
Entomologist	4	R.R. Comm. & Oil Conservation Board	30
Equalization, Board of	72	Registrar of Motor Vehicles	68
Examiners, State Board of	8	Secretary of State	9
Fish and Game Department	159	Soldiers' Home	20
Forestry Department	100	Supreme Court	11
Governor's Office	5	Teachers' Retirement System	8
Grass Conservation Board	1	Trade Commission	2
Hail Insurance	2	Training School	92
Board of Health	98	Treasurer's Office	5
Highway	1563	Tuberculosis Sanitarium	136
Highway Patrol	19	U.C.C.	240
Historical Library	5	University	184
Home for the Aged	22	Veterans' Welfare Commission	41
State Hospital	450	Vocational Rehabilitation	17
Industrial Accident Board	33	Vocational School for Girls	20
Industrial School	65	Water Conservation Board	80
Labor and Industry	3	Ten year Accounts	61
Land and Investments	24	Inactive Accounts	499

STATE DEPARTMENTS

TOTAL 5,648

COUNTIES:

County Attorney	27	Madison County	24
Beaverhead County	24	McCone County	22
Big Horn County	36	Meagher County	18
Blaine County	39	Missoula County	104
Broadwater County	19	Musselshell County	16
Carter County	14	Park County	34
Carbon County	31	Petroleum County	7
Cascade County	137	Phillips County	34
Choteau County	40	Pondera County	46
Custer County	39	Powell County	15

Daniels County	34	Powder River County	12
Dawson County	37	Prairie County	20
Deer Lodge County	39	Ravalli County	41
Fallon County	15	Richland County	50
Fergus County	45	Roosevelt County	66
Flathead County	132	Rosebud County	46
Gallatin County	83	Sanders County	39
Garfield County	16	Sheridan County	41
Glacier County	35	Silver Bow County	74
Golden Valley County	17	Stillwater County	22
Granite County	30	Sweetgrass County	5
Hill County	46	Teton County	60
Jefferson County	35	Toole County	44
Judith Basin County	28	Treasure County	7
Lake County	48	Valley County	38
Lewis & Clark County	104	Wheatland County	22
Liberty County	14	Wibaux County	20
Lincoln County	34	Yellowstone County	139
		COUNTIES	
		TOTAL	<u>2,264</u>

CITIES:

Anaconda	9	Helena	87
Belt	5	Kalispell	54
Big Sandy	2	Laurel	15
Billings	161	Lewistown	16
Bozeman	64	Libby	2
Butte	22	Livingston	20
Cascade	1	Lavina	0
Chinook	14	Malta	10
Choteau	3	Miles City	32
Columbia Falls	7	Missoula	82
Conrad	10	Phillipsburg	3
Cut Bank	13	Plains	3
Deer Lodge	6	Plentywood	10
Dillon	18	Polson	10
East Helena	3	Poplar	5
Fairfield	2	Roundup	14
Fairview	3	Ryegate	0
Forsyth	10	Sidney	16
Glasgow	9	Stanford	2
Glendive	16	Townsend	3
Great Falls	182	Winnett	1
Hamilton	3	Whitefish	21
Hardin	9	Wolf Point	6
Havre	21		
		CITIES TOTAL	<u>1,005</u>

SCHOOL DISTRICTS:

#1 Big Timber	1	#10 Chinook	5
#1 Butte	48	#10 Conrad	4
#1 Choteau	6	#12 Klein	1

#1 Circle	1	#12 Rosebud	4
#1 Corvallis	2	#12 Saco	2
#1 Deer Lodge	10	#12 Stanford	3
#1 Glendive	2	#1 & 13 Box Elder	1
#1 Great Falls	112	#13 Fairview	6
#1 Helena	34	#13 Nashua	5
#1 Garfield County	3	#14 Malta	8
#1 Lewistown	11	#15 Custer	4
#1 Miles City	7	#15 Cut Bank	5
#1 Missoula	16	#16 Havre	5
#1 Plains	5	#17 Culbertson	4
#1 Red Lodge	7	#17 Hardin	17
#1 Scobey	12	#19 Brady	0
#1 Virginia City	1	#20 Plentywood	3
#2 Alberton	7	#21 Broadview	2
#2 Billings	40	#23 Polson	3
#2 Bridger	3	#23 Roberts	4
#2 Dodson	2	#24 Three Forks	1
#2 Helena	1	#25 Hobson	1
#2 Sunburst	2	#27 Augusta	0
#2 Thompson Falls	3	#28 Ronan	15
#3 Cascade	12	#29 Belt	5
#3 Superior	2	#30 Power	8
#4 Forsyth	4	#31 Gilman	0
#4 Livingston	7	#33 Oilmont	2
#4 & 47 Whitehall	1	#38 Bigfork	2
#5 Kalispell	11	#39 Simms	13
#5 Park City	1	#41 Lavina	2
#5 Sand Coulee	3	#44 Belgrade	2
#5 Sidney	8	#45 Augusta	0
#5 Terry	5	#45 Wolf Point	9
#6 Ryegate	1	#50 East Glacier	2
#7 Bozeman	6	#52 Absarokee	3
#7 Hinsdale	5	#52 Ennis	3
#7 Laurel	2	#53 Wilsall	2
#7 Townsend	3	#55 Brockton	2
#7 Browning	9	#55 Roundup	10
#9 Chinook	1	#58 Geyser	2
#9 Dixon	3	#64 Milstone	1
#9 Opheim	4	#75 Greenfields	6
#9 Musselshell	4	#159 Winnett	0
#10 Anaconda	23		
		SCHOOL DISTRICTS TOTAL	628

COUNTY HIGH SCHOOLS:

Beaverhead County High	3	Gallatin County High	7
Broadwater County High	3	Jefferson County High	4
Carbon County High	0	Missoula County High	16
Custer County High	3	Park County High	4
Dawson County High	2	Powell County High	2
Fergus County High	4	Sweet Grass County High	1
Flathead County High	13		
		COUNTY HIGH SCHOOL TOTAL	62

OTHER AGENCIES:

Billings Water Department	61	Livingston Water Dept.	8
Bitterroot Irrigation Dist.	11	Missoula Public Library	10
Greenfield Irrigation Dist.	20	Malta - Dodson Irrigation	1
		OTHER AGENCIES TOTAL	111

